

ENVIRONMENTAL ASSESSMENT

Project Name: Amendment to ARM 36.25.110

Proposed Implementation Date: January 2012

Proponent: Montana Board of Land Commissioners and the Department of Natural Resources & Conservation

Type and Purpose of Action: Amend ARM 36.25.110 to increase the multiplier used to calculate the annual grazing rental from 7.54 to 13.18.

Location: This action applies statewide to all grazing leases and licenses.

I. PROJECT DEVELOPMENT

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED: Provide a brief chronology of the scoping and ongoing involvement for this project.

In the January State Land Board meeting, the Board expressed an interest in reviewing the multiplier used to calculate the minimum grazing rate charged on state lands. At the May 16, 2011, Land Board meeting, Dr. John Duffield of Bioeconomics Inc., presented information to the Land Board from his recently completed report "Montana Trust Land Grazing Lease Rate Valuation Analysis". This work updates the 1993 report titled "Economic Analysis of the Values of Surface Uses of State Lands - Task 3 Fair Market Value for Grazing Leases". The Land Board considered the information to determine if the multiplier used to set the annual grazing rate on State trust lands should be updated. The multiplier was last adjusted in 2001.

The DNRC's administrative rule proposal notice to raise the multiplier used to calculate the annual grazing lease rate was filed with the Secretary of State's Office on August 1. The Land Board approved the draft rule proposal on July 18. The proposed rule change raises the multiplier to 13.81, which would equate to \$12.88/AUM using current beef cattle prices. Comments on the proposal were accepted through 5:00 p.m. on September 30. Four hearings were held throughout the state between September 12 and September 15. Concerned persons submitted their data, views, or arguments, either orally or in writing, at the hearings. Written data, views, or arguments were also submitted to Kevin Chappell, Department of Natural Resources and Conservation, PO Box 201601, Helena, MT 59620; fax (406) 444-2684; or via e-mail.

Department staff categorized the comments into groups and provided responses to each category group.

2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:

None.

3. ALTERNATIVES CONSIDERED:

No action: Leave ARM 36.25.110 multiplier to the present value of 7.54.

Proposed Action: Amend ARM 36.25.110 to change the multiplier from the present 7.54 to 13.18.

II. IMPACTS ON THE PHYSICAL ENVIRONMENT

RESOURCE	[Y/N] POTENTIAL IMPACTS AND MITIGATION MEASURES N = Not present or No Impact will occur. Y = Impacts may occur (explain below)
<p>4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE: Are fragile, compactable or unstable soils present? Are there unusual geologic features? Are there special reclamation considerations? Are cumulative impacts likely to occur as a result of this proposed action?</p>	<p>The action is being proposed on all State lands with grazing AUMs assessed and these lands include a wide array of geological features and soil qualities. Grazing utilization presently takes place on these resources.</p> <p>No action: Grazing of these resources will continue to exist as they do today.</p> <p>Proposed Action: Grazing of these resources will continue to exist as they do today.</p>
<p>5. WATER QUALITY, QUANTITY AND DISTRIBUTION: Are important surface or groundwater resources present? Is there potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality? Are cumulative impacts likely to occur as a result of this proposed action?</p>	<p>The action is being proposed on State lands with a wide array of water resources present. Water resources located on state land include natural surface water, springs, and ground water. Developed water resources are present to support domestic and non-domestic animals, and includes reservoirs, pits and stock tank developments (source water is usually springs, wells, or impoundments).</p> <p>No action: It is anticipated that no change in water resources will take place.</p> <p>Proposed Action: Department staff was advised in comments that the increase in multiplier would result in the lessee not developing water resources located on state lands. The money that a producer would utilize for the development of water resources would be diverted to pay the increase rental rate. As a result, the state may see a decrease in water developments and a decrease in the upkeep of the existing water developments.</p>
<p>6. AIR QUALITY: Will pollutants or particulate be produced? Is the project influenced by air quality regulations or zones (Class I airshed)? Are cumulative impacts likely to occur as a result of this proposed action?</p>	<p>The action is being proposed on all State lands with a wide array of air qualities attributes. Grazing is taking place on the land where these resources exist.</p> <p>No action: Grazing of these resources will continue to exist as they do today. No impacts are anticipated to air quality.</p> <p>Proposed Action: Grazing of these resources will continue to exist as they do today. No impacts are anticipated to air quality.</p>
<p>7. VEGETATION COVER, QUANTITY AND QUALITY: Will vegetative communities be permanently altered? Are any rare plants or cover types present? Are cumulative impacts likely to occur as a result of this proposed action?</p>	<p>State lands uniquely represent the diverse Montana vegetative community's characteristics. The uniform ownership of mainly section 16 and 36 of every township is the most diverse ownership of land of any entity in the State. This ownership pattern ensures that the majority of the vegetative communities found in the State are represented in the State's landownership withholdings. Grazing is taking place on these lands where these resources are located.</p> <p>No action: Grazing of the State land will continue to take place.</p> <p>Proposed Action: Grazing of these resources will continue, for the most part, in the same manner or level that has occurred in the past. In some instances, Department staff was advised that a producer will have to utilize all of their allocated AUMs, or not rest lands if the AUM multiplier were to increase. Other comments suggested that if the multiplier were to increase the lessee might allow their livestock to graze harder than the department authorized AUM rating leading to a negative degradation of vegetative resources.</p>

	<p>DNRC has historically managed the State's grazing resources in order to assure the long-term productivity of the lands. The DRNC allows its resources to be utilized but does not support or allow the excessive use of the resources to take place. In those situations where the DRNC feels that the excessive grazing is causing a degradation of the resources, corrective actions will be implemented. If problems are observed (overgrazing, livestock distribution, or other environmental circumstances) the DNRC will ensure that the long term vegetative community is protected or enhanced on a site specific basis. .</p>
<p>8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS: Is there substantial use of the area by important wildlife, birds or fish? Are any rare plants or cover types present? Are cumulative impacts likely to occur as a result of this proposed action?</p>	<p>The action is being proposed across the entire state on lands with a wide array of terrestrial and avian qualities. Grazing of the state land presently takes place and moderately impacts these resources.</p> <p>No action: Grazing of the State land will continue to persist as it does today.</p> <p>Proposed Action: Grazing of these resources will continue to exist as they do today. On the landscape scale of the entire State, the proposed increase is not anticipated to have increasing impacts. In some cases, it is anticipate that habitats may be altered due to increased grazing pressure. As Department staff identifies these situations, they will take corrective actions to ensure that habitats are not altered into the future.</p>
<p>9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES: Are any federally listed threatened or endangered species or identified habitat present? Any wetlands? Sensitive Species or Species of special concern? Are cumulative impacts likely to occur as a result of this proposed action?</p>	<p>The action is being proposed across the entire state on lands with a wide array of air qualities features. Grazing of the state land presently takes place and moderately impacts these resources.</p> <p>No action: Grazing of these resources will continue to exist as they do today.</p> <p>Proposed Action: Grazing of these resources will continue to exist as they do today.</p>
<p>10. HISTORICAL AND ARCHAEOLOGICAL SITES: Are any historical, archaeological or paleontological resources present?</p>	<p>The action is being proposed across the entire State on lands with a wide array of Historical and Archaeological sites present.</p> <p>No action: Grazing of these resources will continue to exist as they do today with no impacts to cultural/historical resources.</p> <p>Proposed Action: Grazing of these resources will continue to exist as they do today with no impacts to cultural/historical resources</p>
<p>11. AESTHETICS: Is the project on a prominent topographic feature? Will it be visible from populated or scenic areas? Will there be excessive noise or light? Are cumulative impacts likely to occur as a result of this proposed action?</p>	<p>The action is being proposed across the entire state on lands with a wide array of aesthetic attributes and qualities.</p> <p>No action: Grazing of these resources will continue to exist as they do today with no impacts to cultural/historical resources. .</p> <p>Proposed Action: Grazing of these resources will continue to exist as they do today with no impacts to cultural/historical resources</p>
<p>12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY: Will the project use resources that are limited in the area? Are there other activities nearby that will affect the project? Are cumulative impacts likely to occur as a result of this proposed action?</p>	<p>No action: Grazing of these resources will continue to take place with no impacts to demands on environmental resources of the land.</p> <p>Proposed Action: Grazing of these resources will continue to take place with no impacts to demands on environmental resources.</p>
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13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA: Are there other studies, plans or projects on this tract? Are cumulative impacts likely to occur as a result of other private, state or federal current actions w/n the analysis area, or from future proposed state actions that are under MEPA review (scoping) or permitting review by any state agency w/n the analysis area?	<p>environmental and other agency plans presently in effect.</p> <p>No action: Grazing of these resources will continue to exist with no impacts to existing environmental documents, other agency plans or projects.</p> <p>Proposed Action: Grazing of these resources will continue to exist with no impacts to existing environmental documents, other agency plans or projects.</p>
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III. IMPACTS ON THE HUMAN POPULATION																												
RESOURCE		[Y/N] POTENTIAL IMPACTS AND MITIGATION MEASURES																										
14. HUMAN HEALTH AND SAFETY: Will this project add to health and safety risks in the area?		Grazing rental rate do not have a direct relationship to human and health safety. No action: Human health and safety will not be impacted. Proposed Action: Human health and safety will not be impacted.																										
15. INDUSTRIAL, COMMERCIAL AND AGRICULTURAL ACTIVITIES AND PRODUCTION: Will the project add to or alter these activities?		Industrial, commercial and agriculture activities are present on the State land where grazing occurs. No action: The grazing rate will remain the same with no impacts to the industrial, commercial and agriculture activitates. Proposed Action: Implementation of the proposed action may result in a portion of the lands to become vacant State land tracts. Lessees have stated that they may be dropping tracts where the lessee owns the adjacent surrounding lands; they control access to the State parcel. In discussions with state lessees, it has been stated that the tract will continue to be grazed. When considering this issue across the state, there is no anticipated impact to agriculture activities although there may be some small impacts at local scales.																										
16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT: Will the project create, move or eliminate jobs? If so estimated number. Are cumulative impacts likely to occur as a result of this proposed action?		In general, there is no correlation between the quality and distribution of employment and the location of State owned lands. No action: The continued use of the existing multiplier will remain in place and will not influence quantity or quality of jobs. Proposed Action: The increase in the multiplier will result in a lessee paying a higher value per AUM to the state. The department does not believe this increase will influence quantity or quality of jobs in a positive or negative manner.																										
17. LOCAL AND STATE TAX BASE AND TAX REVENUES: Will the project create or eliminate tax revenue? Are cumulative impacts likely to occur as a result of this proposed action?		<table><tr><th>Trust</th><th>AUMs</th><th>2012 Gross Revenue using existing 7.54 multiplier</th><th>2012 Gross Revenue using existing 13.18 multiplier</th></tr><tr><td>Pine Hills</td><td>12,317</td><td>\$90,284</td><td>\$157,781</td></tr><tr><td>U of M</td><td>3,034</td><td>\$22,239</td><td>\$38,866</td></tr><tr><td>MSU Morril</td><td>15,245</td><td>\$111,746</td><td>\$195,288</td></tr><tr><td>MSU</td><td>2,639</td><td>\$19,344</td><td>\$33,806</td></tr><tr><td>Veterans Home</td><td>482</td><td>\$3,533</td><td>\$6,174</td></tr></table>			Trust	AUMs	2012 Gross Revenue using existing 7.54 multiplier	2012 Gross Revenue using existing 13.18 multiplier	Pine Hills	12,317	\$90,284	\$157,781	U of M	3,034	\$22,239	\$38,866	MSU Morril	15,245	\$111,746	\$195,288	MSU	2,639	\$19,344	\$33,806	Veterans Home	482	\$3,533	\$6,174
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III. IMPACTS ON THE HUMAN POPULATION

Capitol Buildings	29,272	\$214,564	\$374,974
Common Schools	881,551	\$6,461,769	\$11,292,668
Montana Tech	9,492	\$69,576	\$121,593
State Normal School	12,532	\$91,860	\$160,535
Deaf and Blind	6,967	\$51,068	\$89,247
Sir Grant	527	\$3,863	\$6,751
Acquired Lands	850	\$6,231	\$10,889
TOTALS	974,908	\$7,146,076	\$12,488,571

Except for the common school grant, all of the grants represented in the table would receive increased revenues, as directed by the multiplier, minus revenues deducted for administration of the lands (No administrative fees are deducted from the MSU Morrill grant). For the Common Schools, the legislature sets the total budget. The difference between the total legislative budget and the money received from common school trust lands is offset by the State's general fund.

No action: Revenues and taxes would remain the same.

Proposed Action: For all grants, except the common schools, revenues would increase proportional to the increase in the multiplier. For the common schools grants, the legislature appropriates their total budget. The school trust revenues will increase and require fewer general fund monies to fully fund the legislative appropriated budget.

18. DEMAND FOR GOVERNMENT SERVICES: Will substantial traffic be added to existing roads? Will other services (fire protection, police, schools, etc) be needed? Are cumulative impacts likely to occur as a result of this proposed action?

The action is being proposed on all State lands with a wide array of government services being provided.

No action: Grazing of these resources will continue to exist as they do today with no impacts to local government services.

Proposed Action: Grazing of these resources may be altered as compared to how they exist today. Leases may be dropped and become vacant and require the DNRC to manage those lands. Other lessees may elect to drop certain services that they are presently providing but are not required by the lease agreement to do. Some of the services that a lessee may elect to drop are fire fighting, weed control, increasing wildlife habitat, road construction, etc. The lessee was not required to provide these services and completed these services at their discretion.

19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS: Are there State, County, City, USFS, BLM, Tribal, etc. zoning or management plans in effect?

The State owns lands that contribute to the vast majorities of the landscapes, habitat types, tribes, Wildlife management areas, etc. across the entire state. With such a diverse ownership, the lands are covered by a multitude of plans and goals.

No action: Grazing is taken place at the parcel level based on compliance with the plans that may or may not influence the tract of land. This action will continue as it has in the past.

III. IMPACTS ON THE HUMAN POPULATION	
	Proposed Action: Grazing is taken place at the parcel level based on compliance with the plans that may or may not influence the tract of land. This action will continue as it has in the past.
20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES: Are wilderness or recreational areas nearby or accessed through this tract? Is there recreational potential within the tract? Are cumulative impacts likely to occur as a result of this proposed action?	<p>The state ownership across the state is distributed across the landscapes of Montana. State parcels have access, don't have access, and are part of wildernesses, reserves or parks depending on where they are present in the landscape. Grazing rental rate will have no impact on these resources.</p> <p>No action: Resources will remain in the present state they are in.</p> <p>Proposed Action: Resources will remain in the present state they are in.</p>
21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING: Will the project add to the population and require additional housing? Are cumulative impacts likely to occur as a result of this proposed action?	<p>There is no correlation to the density or distribution of populations as it pertains to an increase in grazing rental rate.</p> <p>No action: Resources will remain in the present state they are in.</p> <p>Proposed Action: Resources will remain in the present state they are in.</p>
22. SOCIAL STRUCTURES AND MORES: Is some disruption of native or traditional lifestyles or communities possible?	<p>There is no relationship between social structures and lifestyles as it pertains to an increase in grazing rental rate.</p> <p>No action: Resources will remain in the present state they are in.</p> <p>Proposed Action: Resources will remain in the present state they are in.</p>
23. CULTURAL UNIQUENESS AND DIVERSITY: Will the action cause a shift in some unique quality of the area?	<p>There is no relationship between cultural uniqueness and diversity as it pertains to an increase in grazing rental rate.</p> <p>No action: Resources will remain in the present state they are in.</p> <p>Proposed Action: Resources will remain in the present state they are in.</p>
24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES: Is there a potential for other future uses? Is future use hypothetical? What is the estimated return to the trust? Are cumulative impacts likely to occur as a result of this proposed action?	<p>No action: No change in the multiplier will be in effect.</p> <p>Proposed Action: Currently, all of the non-bid grazing leases use the 7.54 multiplier to calculate rental. Changing the multiplier from 7.54 to 13.18 represents an increase of 74.8%. If all leases were converted to the 13.18 multiplier using the current beef price, the increased rental would amount to approximately \$5,342,495.</p>

Prepared By: Hoyt Richards Glasgow Unit Manger November 18, 2011
Name Title Date

IV. FINDING

<p>25. ALTERNATIVE SELECTED:</p>	<p>After careful consideration of the comments and issues, the Department has chosen to recommend to the Land Board that the original proposed rule be modified as follows:</p> <ol style="list-style-type: none"> 1. The multiplier be reduced from 13.18 to 11.65 to account for weed control costs paid by lessees. 2. The rule be amended to include a provision that allows a lessee to nominate a tract for non-use in situations where intermingled croplands or other characteristics restrict the ability to graze the land. 3. The new multiplier of 11.65 be implement as lessees are renewed or issued.
<p>26. SIGNIFICANCE OF POTENTIAL IMPACTS:</p>	<p>There are no significant impacts to the physical environment because the action involves rental rates on existing grazing leases.</p> <p>The impact to the human environment is mainly economic. This impact is mitigated by the phase in of the rate increase over a 10 year period.</p> <p>After considering all issues and information, I conclude that there are no significant adverse impacts on the physical and human environment. While there will be an economic impact to some lessees, this must be viewed in conjunction Constitutional requirement to return full market value to the Public School Fund.</p>
<p>27. Need for Further Environmental Analysis:</p> <p><input type="checkbox"/> EIS <input type="checkbox"/> More Detailed EA <input checked="" type="checkbox"/> No Further Analysis</p>	

EA Approved By:

Kevin Chappell
Name

Acting Trust Land Management Administrator
Title



Signature

November 20, 2011
Date